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USSR Report

CONSUMER GOODS AND DOMESTIC TRADE

No. 34

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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

LONG-TERM DELIVERY CONTRACT ASSESSED

Moscow PLANOVoye KHOZYAYSTVO in Russian No 2, Feb 82 pp 106-110

[Article by V. Yazev, distinguished RSFSR lawyer, doctor of juridical sciences and professor: "Long-Term Delivery Contracts for Consumer Goods"]

[Text] The measures being carried out under the leadership of the CPSU to improve the economic mechanism are aimed at increasing the efficiency of the socialist economy. An important segment of that activity is the astute use of legal instruments, among which one of the leading places is occupied by business contracts (khozyaystvennyye dogovory), concluded among associations, enterprises and organizations in the spheres of production and distribution. The contract has been for many decades and is now an essential means of strengthening cost accounting (khozraschet) in mutual relations among enterprises and organizations, which pursue their cost-accounting interests through the mutual obligations agreed on, make provision for the most optimum performance of the job, eliminate unnecessary costs, and avert possible losses.

The process of improving relationships between the plan and the contract has been occurring in all stages of development of the socialist economy. In a planned economy the growing role of the business contract and its terms and conditions are determined above all by the assignments of the plan. As a means of fulfilling the plan and stating it in concrete terms, the contract has in recent years come to take a firmer place in the system of planning work, by contrast with established practice until quite recently. For instance, in 1972 contracts pertaining to deliveries of consumer goods began to be concluded before the state plan was adopted, rather than afterward, on the basis of draft plans, which in the widespread process of concluding the contracts go through a kind of verification as to their viability and are then revised to take into account the actual capabilities of those carrying out the plan on the basis of the results of that verification. The 26th CPSU Congress outlined a further enhancement of the role of the contract in elaborating plans for production and sale of consumer goods.

In past years contracts were concluded to cover one business year. The reason given for this was the procedure used in planning the distribution of market stocks of goods, which were allocated only on an annual basis. But contract practice proved to be more progressive than the system of allocation. This was manifested in the fact that even when the stocks were determined annually,

back in the Eighth Five-Year Plan, delivery contracts began to be concluded on the initiative of enterprises and organizations in the industrial and trade sectors not for 1 year, but for the 5-year period. Subsequently this practice was sanctioned by legislation and became more widespread.

But the gap between planning practice and the system of long-term (5-year) contracts which had been introduced hindered development of this process. The reason is that in concluding contracts covering the 5-year period the parties were not able to make provision in those contracts for the main thing--the volume of delivery of goods over the entire life of the contract, since distribution of market stocks of commodities was still on an annual basis.

The problem of consistency between the long-term contract and the 5-year plan was solved by the decree of the CPSU Central Committee and USSR Council of Ministers issued 12 July 1979 and entitled "On Improving Planning and Strengthening the Influence of the Economic Mechanism on Increasing Production Efficiency and Work Quality." Point 15 [Point 17--translator's note] of that decree points out that the volume of deliveries under contract for the 5-year period (with annual breakdown) shall as a rule be stated according to the grouped product list (assortment). This extremely important legal norm has made it necessary to reorganize the entire system of the distribution of commodities, putting it on a multiannual basis. This process has not yet been completed, but it is developing vigorously, and it can be stated quite definitely that we are at the origin of a new stage of development of an entire system of long-term contracts on delivery of consumer goods.

This type of contract emerged to meet the needs for multiannual planning of economic development under the new conditions of conducting economic activity contained in the decisions of the September (1965) Plenum of the CPSU Central Committee. Since that time the main thing in centralized state planning has been establishing the leading and consolidated planning target, while the participants themselves were granted rights to plan their own activity with respect to more detailed indicators.

For example, industrial enterprises manufacturing consumer goods were previously given targets in plans for the volume of output in value terms, while now they are assigned it on the basis of the product group assortment. Corresponding indicators are also assigned in commodity distribution plans, and the parties themselves (producers and consumers) must break those assignments down into detail. And not only for the coming year, but indeed for 5 years in advance. They must foresee what the product-mix plan should be in coming years, what sort of new product designs need to be developed, and how the delivery process can be improved. It is obvious that many questions cannot be answered in an annual contract, since a lengthy period of time is required for this. The long-term contract helps to solve these problems in advance. The parties use it as the basis for drafting and adopting a multiannual program for step-by-step--by the years of the 5-year period--improvement of production and product deliveries.

It is beneficial to both the supplier and the customer to set down terms and conditions in the form of an obligation they agree to. The former is given

confidence that his product will be sold over the life of the long-term contract, and he can be bold in investing funds to improve production, while the trade organization gets a guaranteed supply of commodities over the entire multiannual period.

One other problem remained unsolved until recently: central administrative agencies of both suppliers and customers have stood aloof from the practical introduction of long-term contractual relations. However, it is difficult to overestimate their organizing role where the interests of the sector and of each of its associations and enterprises are concerned. It is well known, for example, that the measures concerning application of the advances of the scientific and technical revolution, replacement of the stock of sophisticated machines and apparatus, mechanization of the packaging of goods in industry, amendment of standards and other measures are as a rule outlined at the upper level, yet this level has not been involved in organizing long-term contractual relations. But even this situation has been rectified by the decree of the CPSU Central Committee and USSR Council of Ministers issued 12 July 1979. In Point 21 it provides that in order to enhance the responsibility of industrial ministries producing consumer goods, main administrations of the USSR Ministry of Trade, wholesale organizations of trade ministries of the union republics (i.e., republic wholesale associations and offices) shall conclude 5-year agreements with all-union and republic industrial associations and main administrations of industrial ministries.

Thus a rather straightforward mechanism has been set up that makes it possible to successfully resolve all problems in development of the system of long-term delivery contracts on the basis of centralized planning, the organic participation of centers of both suppliers and customers, and the display of initiative by production and trade associations, enterprises and organizations themselves, to which direct attention was paid in the decisions of the 26th CPSU Congress.

The Regulation on Procedure and Timing for Conclusion of 5-Year Agreements Between the Main Administrations of the USSR Ministry of Trade (Wholesale Organizations of Trade Ministries of Union Republics) and Industrial Associations (Main Administrations of Ministries) and also the Model Agreement on Organization of Production, Delivery and Sale of Consumer Goods have been adopted to elaborate the decree of the CPSU Central Committee and USSR Council of Ministers. These agreements between administrative bodies not participating in the official act of transfer of commodities from one economic entity to another, that is, not involved in carrying out the delivery contracts, are aimed at organizing these processes and at determining their planned parameters on a multiannual basis.

The regulation referred to deals with the procedure and timing for trade ministries of the USSR and union republics to submit summary requests for goods to industrial ministries covering the next 5-year period. This work must be completed by 20 January of the year preceding the beginning of the 5-year period. On the basis of the reference figures communicated to them by USSR Gosplan for the 5-year period, the request from trade and the allocations granted for raw materials and supplies, the supplier ministries work out drafts of

5-year production plans and break them down to their subordinate ministries of union republics, industrial associations, and also the USSR Ministry of Trade and its agencies in the union republics. This work must be completed by 5 March of the year preceding the beginning of the 5-year period. Then by 10 March trade ministries distribute the preliminary amounts of market and nonmarket commodity stocks and adopt plans of interrepublic deliveries, deliveries for general union purposes, and deliveries related to the stock for industrial processing. It is on the basis of these data that the 5-year agreements referred to are concluded between the main administrations and associations of industry and trade. The list of them is determined by a joint decision of the trade ministry and supplier ministry.

The draft of the agreement is prepared by the all-union (republic) industrial association (unless the trade ministry and supplier ministry place this obligation on the main administration, republic wholesale organization of the trade ministry) no later than 15 April of the year before the planning period commences. A period of 15 days is granted for examination of the draft of the agreement.

Differences arising between the parties to the agreement are resolved by the heads of ministries, and if an agreement is not reached between them, by a state arbitration commission.

The regulation and the model agreement regulate in detail the content of the 5-year agreements. Provision is made in them for measures to develop and specialize production, to meet the trade sector's need for particular commodities, measures related to delivery of goods by a particular time, and also joint study of the demand of the public, expansion and renewal of assortment and improvement of product quality, and the advertising of goods.

The parties to the 5-year agreements are required to draft and carry out joint measures concerning development of optimum economic relations related, for example, to reduction of crosshauls and long-distance shipments, to expansion and guaranteed stability of direct long-term contractual relations, to optimum assignment of customers to suppliers, to the holding of interrepublic and interoblast fairs for the sale of goods at wholesale. The list of such measures is an inseparable part of the agreement. The drafting and conclusion of the 5-year agreements is a creative task, and a success depends on the enterprising spirit of the parties, good knowledge of market conditions and forecasts of the development of production and trade.

The regulation provides financial liability for failure to meet deadlines for conclusion of the agreements, for lateness in submittal of the orders and the drafts of production plans. Penalties in the amount of 0.5 percent for nondelivery of goods by the stipulated date and in the stipulated volume and assortment, and also for unwarranted refusal of trade organizations and enterprises to receive the goods are especially important. The parties also have the right to provide penalties for other violations of the obligations agreed to.

On behalf of fuller registration of the volume and pattern of demand of the rural population for goods and of strengthening the influence of consumer co-operatives on the assortment and quality of the goods produced main administrations of the USSR Ministry of Trade and republic wholesale organizations of trade ministries of union republics, in drafting, reconciling and carrying out 5-year agreements must enlist Tsentrosoyuz and the consumer alliances of the union republic, respectively, to participate in this work. The participants in the 5-year agreements are expected to take measures to carry them out, to monitor progress and to regularly report results for the planning period to their respective ministry.

The procedure for concluding the long-term contracts has been defined in the Regulation on Deliveries of Consumer Goods and the decree which the USSR Council of Ministers adopted on 10 February 1981. The plan assigning customers to suppliers for the 5-year period serves as the basis for conclusion of the contract pertaining to goods which are allocated on a planned basis. The procedure for drafting and approving those plans has been set forth by the USSR Ministry of Trade. Planning documents are issued to the parties on the basis of those plans--notices of assignment or job orders in which the volume of delivery of the goods is as a rule stated in product-group assortment for the 5-year period (with annual breakdown).

For goods which are not allocated on a planned basis, the long-term delivery contracts are concluded by the parties themselves, taking into account the long-term business relations which have already come about between them or are desired. As in any delivery contract, they provide for the following: the designation, quantity and detailed assortment of the goods to be delivered, their quality, and in the necessary cases--the stipulated grade and completeness of sets; the overall life of the contract and the partial delivery dates (periods); prices and the total value of the contract; requirements concerning containers and packaging; procedure for shipment, delivery, and acceptance of the goods, as well as the procedure and timing for agreement on the centralized delivery schedule; settlement procedure and the forms to be used; the essential elements for payment, postal and shipping documents, and other terms and conditions stipulated by legislation or necessary in the opinion of the parties.

The Regulation on Deliveries of Commodities contains instructions concerning the peculiarities of the contents of long-term delivery contracts. These are the mutual obligations of the parties concerning expansion and renewal of assortment, concerning improvement of the quality and technical-and-economic indicators of the goods over the life of the contract, concerning the extension of technical assistance in the process of manufacture and use of new goods, concerning introduction and use of progressive types of containers, packaging, shipping and storage of goods, concerning improved efficiency and organization of loading and unloading and other terms and conditions that arise out of the long-term cooperation between the parties. The contract also takes into account measures outlined in the 5-year agreements examined above.

The long-term contract creates the conditions for stability and confidence in the success of business relations between suppliers and customers. This makes

it possible for the parties to have a better knowledge of the operating conditions of their partner's operating conditions, interests and capabilities. Close commercial contacts are brought about between the parties to the contract. It is no accident that in many cases the long-term delivery contracts, which are legal instruments, are supplemented by contracts on the socialist cooperation of the collectives and the parties assume additional obligations that go beyond planning assignments and legal norms. There has been abundant experience with these and other contracts, for example, between the Moscow trade firm Detskiy mir [Child World] and the garment production association Yunost' [Youth], which have been able to enrich the assortment of children's goods, to raise their quality and to improve the entire process of the delivery of goods.

In order to ensure the stability of business relations the Regulation on Delivery of Commodities has provided that direct long-term relations may be amended only in exceptional cases and after a prior examination of the matter with the interested associations, enterprises, organizations, ministries and departments, and then no later than 3 months before commencement of the delivery period.

An important advantage of the long-term contract is the possibility of step-by-step (by the years of the 5-year period) improvement of the process of product delivery. If it turns out at the moment when the contract is concluded that the supplier is unable to accept some requirement of the customer for the next year, since a certain time is required for its fulfillment, the parties have an opportunity to provide for such a condition in the subsequent years of the 5-year period. Thus the contract should unfailingly contain future conditions for delivery and the dates when they will take effect. As an analysis of practice has shown, often advantage is not taken of these possibilities of the long-term contracts, which is unfortunate, and the only thing that is "long term" about the contract is the mention that it is in effect for a period of 5 years.

If both parties, especially trade organizations, are to include future conditions in the contract, they must know both the shortcomings of current practice and also forecasts of market conditions and trade over the 5-year period, i.e., they must have a high level of commercial competence. This in turn makes it necessary that all interested specialized services of the association, enterprise or organization become involved in conclusion of the long-term contract (in drafting the proposed version at the supplier end and in examining the draft at the customer end). If the terms and conditions of contracts are drawn up solely by the sales and merchandising staffs, they would not as a rule be able to take into account the interests of the financial, pricing, organizational, technical and advertising staffs, which means that advantage would not be taken of all the capabilities of the contract concluded for a lengthy period of time. The terms and conditions of contracts envisaged for a specific year of the 5-year period automatically take effect when that year begins.

The volume of delivery is defined in contracts, as noted above, for the 5-year period and distributed by years on the basis of planning documents, but for

commodities which are not allocated by plan, the volume is determined by agreement between the parties.

If the planning targets for deliveries should be amended for the second, third or subsequent years of the 5-year period, then the parties must make the corresponding corrections in the contract. Market fluctuations in trade may also make it necessary to revise the size of deliveries. In such cases the commercial organization is entitled to raise the issue before the superior body which issues commodity stock; the parties themselves can make amendments in a contract, guided by Point 27 of the Regulation on Deliveries.

The product mix is the most important aspect of the contract. It provides the detailed assortment of the goods (in an itemized list) for the first year it is in effect and the assortment by groups for the subsequent years. Before the next year begins the parties elaborate the group assortment into the detailed assortment. This is usually done at the wholesale fair for the next year, but if fairs are not held for the goods in question, then it is done through current adjustment of the itemized list.

The long-term contract is opening up large prospects for step-by-step expansion and renewal of the assortment of commodities. That is why it provides, say, for organizing the production of new goods at enterprises of local suppliers. A gradual increase in the diversity of the goods produced can be included in the contract. For instance, if an industrial enterprise is manufacturing 10 styles of women's coats for the first year of the 5-year period, in the subsequent years it can increase the number of styles, i.e., diversify the assortment. Finally, the long-term contract must reflect such processes as gradual updating of the designs of sophisticated goods, withdrawal of obsolete products from production, and organizing the production of the most up-to-date product innovations.

The long-term contract should also contribute to fuller satisfaction of customer demand. For instance, the production of household refrigerators is in general meeting the demand today. But in future there is a need to expand the number of refrigerators, to improve their design, to create new types (truck refrigerators, refrigerator-bars), to diversify the range of colors, and so on. This will make it possible to increase their sale and to create conditions for full utilization of the production capacity of industrial enterprises. These questions could be resolved in long-term contracts.

An urgent task of long-term contracts is to set forth a program for increasing the delivery of packaged goods. At present industry is delivering a very small amount of goods in that form, while it is inefficient and unesthetic to wrap them by hand in the trade sector; this detracts greatly from the quality of customer service, and unnecessary expenditures of labor and money are incurred. That is why it would be advisable to make provision in long-term contracts for the year-by-year growth in factory packaging of goods.

The long-term contract affords the possibility of solving the problems of improving the supply of commodities in sets and of increasing the manufacture of spare parts for products and accompanying goods with each successive year of the 5-year period.

The quality of goods is one of the key problems in production and sales. Implementing the state system of standards, adherence to the requirements of standards, and assignment of one of the three quality categories to products in certification proceedings are the main things here. Long-term contracts should make provision for future adoption of standards; for increasing the output of goods of higher quality, their improvement from the standpoint of exterior finishing, colors, esthetic appearance, convenience in use, and the manufacture and delivery of goods which are more economical in their weight and which use less electric power.

At the present time, for example, the problem of warranty periods is very urgent in its technical, economic and legal aspects. As we know, warranty periods are determined by standards and technical specifications. The Regulation on Deliveries of Commodities (Point 40) extends to the parties the rights to establish more lengthy periods in contracts than those envisaged by standards or technical specifications. For instance, several years ago the depots of Koskhochtorg [RSFSR Office for Wholesale Trade in Household Goods] and electric lamp plants stipulated in their long-term contracts that light bulbs would be delivered with a longer warranty period than envisaged in standards. The experiment has justified itself, and in a short time this longer warranty period will be included in the standard.

In spite of the unquestionable achievements in improving the quality of consumer goods, there are quite a few criticisms still made concerning their low quality. One of the legal guarantees of individuals in resolving related problems is the procedure in effect for exchange of substandard goods purchased in the retail trade network. The rules governing exchange need to be constantly improved, and this work is being done. But much can also be done with the help of long-term delivery contracts. To be specific, the parties could envisage improvement of product repairs covered by the warranty; at present the principal consequence of a failure of products covered by warranty periods. Expansion of the network of repair stations, improvement of the supply of spare parts to them and other measures could be carried out on the basis of long-term agreements.

The absolute majority of goods are delivered in containers and packages. In long-term contracts the parties could stipulate a gradual improvement of containers in the successive years of the 5-year period (manufacturing them from new materials, guaranteeing their economic efficiency, and improvement of their weight). Particular attention deserves to be paid to a set of measures whereby suppliers and customers could accomplish the following on the basis of contracts concerning expanded delivery of goods in containers which figure as pieces of equipment: increasing the amount of such delivery, improving the design, mechanizing freighthandling, and prompt return of this kind of container to suppliers.

Regularity of delivery is an indispensable condition for fulfilling the state plan of retail sales. The long-term contract stipulates gradual reduction of intervals between deliveries, bringing them to every 10 days, every 5 days, or even more frequently.

Centralized delivery of goods by trucks is the principal method of delivering goods to the retail trade network and food service industry (almost all goods are delivered in this way). But, as an analysis has shown, the necessary efficiency has not yet been achieved in this area. Long-term delivery contracts should provide for defining the optimum delivery routes, the transition to hourly schedules, delivery of perishable goods two or three times a day, review of official calculations of delivery costs, the use of specialized trucks (refrigerated trucks), vans and small trucks, delivery of garments on hangers, mechanized unloading of goods at the customer end, delivery of certain goods (bread, dairy products, etc.) at night without acceptance by store personnel bearing financial liability (the goods are unloaded by drivers onto a space specifically set aside) and other measures. All of them yield an appreciable economic benefit that is beneficial to both the contracting parties and also the state.

Long-term contracts make it possible to carry out a set of measures to study and forecast public demand through the united efforts of the parties: joint conduct of polls, scientific research of the market for the commodity, sales exhibitions, buyers' conferences, exchange of information on the state of the commercial market, and so on.

Both parties to the contract should advertise the commodities, especially new products. For that reason an agreed program of advertising measures and distribution of advertising costs might also be an important condition stipulated in long-term contracts.

The long-term contract is an important format for multiannual planning of business relations at the level of production and commercial associations, enterprises and organizations and an important link in the economic mechanism. It needs to receive the constant attention of collectives in both industry and trade and makes it possible to achieve high efficiency throughout the entire system of economic activity.

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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

LITHUANIAN MEAT, DAIRY PRODUCTION FIGURES CITED

Milk Production Statistics

Vilnius SOVETSKAYA LITVA in Russian 18 Mar 82 p 2

[Information from Ministry of Agriculture LSSR and Ministry of Procurements LSSR: "Increase the Production and Procurements of Milk"]

[Text] During the first two months of this year an average of 319 kilograms of milk per cow has been obtained in the republic, which is 8 kilograms less than during the corresponding period of 1981. There has been an especial decrease in milk yields (by 37-34 kilograms) in Shakyayskiy, Klaypedskiy, Anikshchyayskiy, and Vilkavishskiy Rayons. Use is not being made of the existing possibilities for increasing the production of output by the farms of Vil'nyusskiy, Shilutskiy, and Birzhayskiy Rayons, although there is more feed here this year (in terms of feed units) than there was last year, and more than the republic average. Nor did the situation improve during the first half of March.

The leaders and specialists of the agricultural administrations have to take urgent measures to correct the situation. Additional concentrated feeds have been received by the farms. Their rational and efficient use has to be ensured everywhere. A substantial amount of the feed has to be allocated to the dairy farms. Especial attention has to be given to feeding cows which have just calved.

One of the reserves for increasing procurements of milk is to increase the latter's marketability. Whereas in Kayshadorskiy, Kaunasskiy, and Utenskiy Rayons 82-85 percent of the milk is sold, in Yurbarkskiy, Kel'meskiy, and Lazdiyskiy Rayons only 66-68 percent is marketed.

There are also shortcomings in the organization of milk procurements from the population. Whereas as of 1 March 11 percent more of it was bought in the republic than on the same date last year, in Plungeskiy, Shilutskiy, Tel'shyayskiy, Kel'meskiy, Shakyayskiy, Vilkavishskiy, Klaypedskiy, and Tauragskiy Rayons procurements decreased by 2-9 percent. The number of inhabitants selling milk to the state is decreasing in Alitusskiy, Kupishskiy, and Raseynskiy Rayons.

In the near future specialists from the agricultural administrations, milk processing enterprises, and state rayon inspectorates for the purchase and quality of agricultural products have to ensure a maximum use of dairy resources and an economic consumption of whole milk for the needs of young cattle, and they have to show concern for having all inhabitants sell milk surpluses to the farms or to the state.

On State Procurements and Milk Yields
as of 1 March 1982

Rayons	Sold to State by Farms of all Categories, in Per- centage of Last Year	By Farms of Public Sector		
		Sold to State, in Per- centage of Milked	Average Milk Yield Per Cow, Kg.	
			Total	+ - Compared with Last Year
A	1	2	3	4
TOTAL IN REPUBLIC	101	76	319	- 8
Pakruoyskiy	116	75	336	+40
Ionishkiy	108	79	378	+ 6
Iasval'skiy	108	78	415	- 2
Radvilishkiy	108	76	386	+22
Kapsukskiy	107	80	427	---
Kaunasskiy	106	82	466	+11
Kedaynskiy	106	78	365	+12
Shyaulyayskiy	102	77	336	- 5
Birzhayskiy	99	71	294	-18
Panevezhski	98	77	349	-21
Shakyayskiy	89	74	293	-37
Vilkavishkiy	87	76	316	-34
TOTAL FOR FIRST ECONOMIC GROUP	103	77	361	- 3
Akmyanskiy	116	80	318	+22
Ionavskiy	112	80	292	+25
Prenayskiy	105	78	347	+ 1
Kretingiskiy	102	76	361	- 1
Ukmergskiy	102	72	286	---
Kupishkiy	99	74	279	-20
Shilutskiy	98	78	303	-21
Raseynskiy	98	73	221	-11
Yurbarkskiy	95	66	193	-18
Klaypedskiy	90	81	329	-36

TOTAL FOR SECOND ECONOMIC GROUP	100.5	76	287	- 8
Lazdiyskiy	108	68	288	+ 2
Kayshyadorskiy	107	82	347	---
Alituskiy	104	74	282	- 6
Skuodasskiy	101	75	351	- 9
Rokishkskiy	98	76	324	-30
Anikshchyayskiy	96	75	280	-35
Plungeskiy	96	73	294	-14
Mazheyskiy	96	67	259	-19
Tauragskiy	94	72	260	-19
Kel'meskiy	92	66	244	-14
TOTAL FOR THIRD ECONOMIC GROUP	99.1	73	292	-14
Varenskiy	110	80	419	+12
Trakayskiy	107	81	355	+ 5
Zarasayskiy	106	80	305	+ 6
Shirvintski	106	75	250	- 3
Vil'nyusskiy	104	80	323	- 8
Shvenchenskiy	102	77	285	-17
Shal'chiniyskiy	102	74	284	- 8
Tel'shyayskiy	101	71	242	+ 1
Moletski	100	73	310	-13
Ignalinskiy	98	69	243	-13
Utenskiy	96	85	341	-26
Shilal'skiy	91	74	254	-21
TOTAL FOR FOURTH ECONOMIC GROUP	102	77	298	- 8

Meat Production Statistics

Vlinius SOVETSKAYA LITVA in Russian 19 Mar 82 p 3

[Text]

On State Meat Procurements as of 1 March 1982

A	Sold to State by Farms of All Categories in Percentage of Last Year	By Farms of Public Sector				
		Average Weight of Sold Livestock			Sold to State	
		Young Cattle		Pork-Kilograms	Cattle with Markups for Increased Weight in Percentage	Pork of 1st Category in Percentage
		Kilograms	+ - Compared to Last Year			
	1	2	3	4	5	6
TOTAL FOR REPUBLIC	93	385	- 7	91	76	36
Pakruoyskiy	186	365	+ 7	87	57	34
Ionishkiy	127	393	+22	84	80	32
Birzhayskiy	105	355	-34	84	58	23
Shyaulyayskiy	104	400	- 4	87	84	27
Kedaynskiy	100	424	- 1	92	88	45
Radvilishkiy	100	381	- 7	99	77	20
Panevezhski	98	365	-23	100	61	23
Pasval'skiy	96	364	-16	92	55	30
Kaunasskiy	94	417	- 3	91	86	37
Shakyayskiy	81	372	+15	85	69	47
Kapsukski	80	405	-13	92	87	46
Yilkavishkiy	76	342	-53	84	63	49
TOTAL IN FIRST ECONOMIC GROUP	98	384	-11	90	72	33
Akmyanskiy	132	444	+35	104	84	14
Ionavski	130	429	+15	88	98	57
Kretingskiy	110	398	-11	88	85	55
Klaypedski	105	402	-11	88	84	57
Raseynski	95	365	-18	82	65	47
Ukmergski	92	399	+ 4	84	80	57
Yurbarkski	89	312	+ 4	102	38	20
Shilutski	86	387	-12	95	74	44

A	1	2	3	4	5	6
Prenayskiy	85	400	-14	83	88	41
Kupishkskiy	79	378	+ 9	88	72	21
TOTAL IN SECOND ECONOMIC GROUP	97	393	+ 1	89	78	42
Mazheyskiy	125	388	+32	94	73	36
Rokishkskiy	122	384	+29	87	80	28
Plungeskiy	115	410	+ 1	91	84	56
Lazdiyskiy	104	388	- 9	91	82	46
Skudasskiy	91	401	+ 5	92	81	55
Alitusskiy	88	399	+12	84	87	47
Anikshchayskiy	87	339	-35	80	58	29
Kayshadorskiy	84	414	+14	99	88	12
Tauragskiy	79	338	-37	89	46	49
Kel'meskiy	75	372	- 5	90	68	43
TOTAL IN THIRD ECONOMIC GROUP	94	386	+ 1	89	77	43
Shirvintskiy	112	359	+15	106	59	10
Utenskiy	93	393	-12	88	80	29
Ignalinskiy	93	363	-27	81	63	30
Zarasayskiy	91	411	- 3	98	86	21
Varenskiy	90	395	- 5	97	83	33
Shvenchenskiy	89	358	-35	107	62	20
Shilal'skiy	88	358	-27	96	60	35
Vil'nyusskiy	84	396	+ 7	104	88	27
Tel'shyayskiy	79	394	- 3	97	78	43
Shal'chininkskiy	79	364	-20	86	72	42
Trakayskiy	67	391	-23	98	86	32
Moletskiy	67	364	-21	83	66	30
TOTAL IN FOURTH ECONOMIC GROUP	85	381	-13	95	75	29

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CSO: 1827/70

CONSUMER GOODS PRODUCTION AND DISTRIBUTION

EMBI PETROLEUM INDUSTRY'S AUXILIARY FOOD PRODUCTION

[Editorial Report] Alma-Ata SOTSIALISTIK QAZAQSTAN in Kazakh 2 February 1982 carries on page 4 a 1,000-word article by Q. Mulikov, head of the Workers Supply Administration of the Embi Oil Production Union, on the history and present state of union auxiliary food raising enterprises. The article is published under the regular rubric "The Rich Yields of Auxiliary Enterprise."

Major attention is being devoted to the development of oil fields in western Siberia and Kazakhstan. As the oil fields develop, the need grows for good living conditions and food for workers. Special effort has been made in the latter area at Embi since beginning oil production there, nearly 50 years ago.

Mulikov traces the history of auxiliary food production at the Embi Oil Production Union from its origins during World War II until the present. During the last five-year plan the industry's auxiliary enterprises delivered 200 tons of poultry, 12,000 eggs, 3,816 tons of potatoes, 29,000 tons of vegetables, 2,396 tons of fruit and other products to the tables of union workers, 1.6-1.9 million rubles of agricultural products a year.

Industry auxiliary food production will be the object of a large scale investment program in the future to expand the material and technical bases of the enterprises and to increase productivity. The range of food products will be extended with emphasis on livestock raising. Embi auxiliary food production enterprises also supply potatoes, vegetables, other garden products, fruits, berries, eggs, poultry and other food to area markets.

CSO: 1832/1099

CONSUMER GOODS PRODUCTION AND DISTRIBUTION

NO-WASTE PROCESSING OF FRUITS, VEGETABLES DISCUSSED

Moscow PLANOVYE KHOZYAYSTVO in Russian No 3, Mar 82 pp 67-69

[Article by L. Mironenko, chief of the Krasnodarskiy Krayispolkom administration of the food industry: "Use of No-Waste Technology in Enterprises of the Food Industry"]

[Text] Among the complex of measures for economy of material resources, a special place is held by introduction of advanced technology, particularly energy-saving technology, technology with little waste and especially with no waste. In the food sectors of industry, reduction of losses and waste and maximum extraction of all useful components from raw material, the cost of which is an important item in the cost of the finished product, is of considerable importance. Much work in this direction is being conducted in Krasnodarskiy Kray. Over the years of the 10th Five-Year Plan, workers of the Krasnodar Meat Industry Association drew an additional 7,800 tons of raw material into production resources by more efficient use of animal by-products, bones and blood. In the dairy industry, processing of whey, buttermilk and skimmed milk has increased significantly; 175,000 tons of a substitute for whole milk were made for feeding calves and young pigs. The molasses obtained in processing sugar beets is used in producing yeast, alcohol, and so forth.

Pectin—a gel-forming substance used in the manufacture of diet therapy products—is extracted from dry sugar beet pulp. It is used in making the "Krasnodarskiy" candied fruit jelly. After extraction of the pectin, the pulp is neutralized and sent for cattle fodder.

When juices are taken from fruit, vegetables and grapes, the residue, which contains the most valuable substances for the human organism, is the by-product. Taking this into account, specialists have developed technology for making powders out of them.

At present, a trend has developed to look for substitutes, including synthetic ones, for sugar. In turn, their use in the production of food products requires new fillers to compensate for the lack of dry substances in the substitutes. The most valuable substitutes for sugar and saccharose, which perform the role of fillers, can be obtained from vegetable roughage. It is especially important that such fillers contain vitamins, microelements and other useful substances.

About 3 million tons of apple, grape and other fruit residue is produced in the country every year; up to 500,000 tons of powder with sugar content can be obtained from it. In addition, there is a large amount of untransportable fruit from which it is expedient to make the powders. Scientists of the Institute of Technical Thermophysics of the UkSSR Academy of Sciences, together with industry specialists, introduced technological equipment in brief periods of time for processing apple residue without waste. The production line was completed with standardized and unstandardized equipment. The latter was set up by the institute at an experimental plant.

In making powders from fruit residues, the fruit are washed three times and they are expedited (spoiled and rotten fruit, and so forth, are removed), crushed and pressed. Then the residue is dried in tunnel-type or conveyer-type dryers, ground and dispersed into individual pieces at the appropriate degree of grinding. The washing and sorting out of the fruit must be performed very carefully.

The method of making powders out of squash, citrus and wild fruits and other raw material varies somewhat from the procedure described above.

There is a good outlook for powder technology in the food industry, due to the powders' characteristics: their technological effectiveness, convenience of storage and transportation. At enterprises of the krayispolkom's administration of the food industry, an average of 100,000 tons of fruit are processed for juices every year, and 40,000 to 45,000 tons of residue are created at the same time. The application of no-waste technology provides the opportunity to obtain from them a significant amount of edible raw material—for example, up to 7,000 tons of fruit powder.

It is also being planned to begin processing a wide variety of powders from the fruit of wild apple and pear trees without squeezing out the juice, from squash, table beets, and grape and tomato residues. All this will make it possible to obtain about 10,000 tons of powders which will be used in confectionery and bakery production facilities. The scope of the use of powders is being expanded. Thus, recipes are being developed for sauces and beverages from apple powders.

As domestic and foreign experience shows, adding vegetable ingredients to meat and dairy products improves their biological and taste qualities. Powders from fruits, cabbage, carrots, squash, sugar and table beets, tomatoes, legumes, and other crops are planned in the long term for production and use as such ingredients. Determination of the amount and composition of these powders when different products are being made now is under study by Ukrainian scientists.

Thus the technology of obtaining powders is exceptionally important, since it makes it possible not only to expand the variety of food products, but also to make them more diversified in food and biological value. The use of various powders provides the opportunity to turn out products for all age groups in the population, including dietetic products.

In Krasnodarskiy Kray, a number of enterprises of the krayispolkom's administration of the food industry set up shops over a short period of time for the no-waste processing of fruits and vegetables. Thus at the end of 1980 a fruit powder shop was built at the Severskiy Wine Plant which has become an experimental base for developing procedures to obtain various powders in small quantities. In 1981, several more production facilities of different types went into operation. In the fruit processing shop at the Starominskiy combine, equipment has been set up to make powders from residues; expenditures for it amounted to about 60,000 rubles in all. Such a technological scheme—from apples to juice to powder—is convenient for any shop of low productivity.

A shop for initial processing of fruit, which operates in synchronism with a powder shop, and a shop for producing confectionery items using powders have been opened at the Severskiy Wine Plant. With the aim of creating an experimental complex at the plant, construction of a two-story building is being planned, where shops for packaging confectionery items, making an apple beverage from powder, and a laboratory, demonstration hall and classrooms for training specialists will be located.

At the Belorechenak Food Combine, a shop of lightweight construction has been built for making powders. The three-zone dryer set up there will make it possible to process 40 tons of residue daily and obtain 400 tons of powder per season.

In different sectors of the food and meat and dairy products industry a critical need for dyes is now becoming apparent. As is well known, at meat-processing enterprises a stamp is applied to every carcass certifying that the meat is fit for consumption and identifying the animal's fatness category. The stamp, applied with the aid of dye, lasts for a long time. Since the components which make up the dye are harmful for the human organism, the stamp's impression must be eliminated when the meat is processed. But a significant amount of flesh is irretrievably lost at the same time.

This problem has interested Ukrainian scientists and specialists. A new dye for stamping meat has been developed by the department of teplomassoobmena [expansion unknown] of the Institute of Technical Thermophysics of the UkSSR Academy of Sciences, the Kiev Order of Lenin Meat Combine, and the Kiev Scientific Research Institute of Food Sanitation. Tests conducted at the Kiev Meat Combine indicated that the stamp's impression is not destroyed in the cold, when there are significant drops in temperature and there is increased humidity in the air. The dye does not show in the production of canned goods and cooked meats. The Kiev Scientific Research Institute of Food Sanitation concluded that the new compounds used for stamping meat are in full conformity with public health standards and rules.

A new technological process to obtain dyes for many sectors of industry has been put into production in the shortest possible time at the Novotitarovskaya Food Combine.

The department of (teplomassoobmena) mentioned and the Krasnodarskiy Krayispolkom administration of the food industry have developed a no-waste technology for making dyes out of table beets (in the form of juice, paste and powder) intended for the meat and dairy products, confectionery, and vegetable canning sectors and the

production of food concentrates. By squeezing out and sterilizing the table beet, a natural juice can be made from it, and by boiling it down, in turn, dyes are obtained. After the juice is squeezed out, the beet pulp is dried into a powder which will be used in confectionery production. The industrial assimilation of the technology cited will make it possible to solve the problem of obtaining new food products which have increased biological value, as well as the problem of making red dyes.

According to data of the krayispolkom's administration of the food industry, the economic gain from introducing the dye for stamping meat will amount to over 50 million rubles annually, and about 1,000 rubles from the use of 1 ton of powder from table beet residues.

In the 11th Five-Year Plan, it is being planned to build more than 20 shops in Krasnodarskiy Kray to turn out powders with sugar content and the products using them, and to bring the production of powders up to 10,000 tons. Development of sugar beet powders and those containing sugar is an important national economic task. Its solution will provide the opportunity to more fully utilize the sugar and other useful substances in beets. In addition, the powders can partially replace granulated sugar in the production of food products, because losses of it will be significantly reduced.

Sugar plants process a year's harvest of sugar beet for 120-140 days. With an initial sugar content of 16 to 18 percent, the yield of sugar does not exceed 11 percent. Losses of granulated sugar are caused mainly by the extended period of time the beets are stored before processing and the characteristics of the technology used to obtain it. Reducing the length of time for juice extraction requires an increase in sugar plant capacities, and consequently, large capital investment.

A no-waste technology for the hydrothermal processing of sugar beets into powder which contains sugar and other useful substances—saccharose, pectin, fructose, glucose, vitamins, albumins, and so forth—has been created by the Institute of Technical Thermophysics of the UkSSR Academy of Sciences and the Salivonkovskiy Sugar Plant of the UkSSR Ministry of the Food Industry. The Pyatigorskii Pharmaceutical Institute of the USSR Ministry of Health has conducted an analysis of the biological characteristics of this powder. It turned out that it is completely suitable in confectionery and other food production, since it contains a number of biologically active substances along with saccharose and is completely nontoxic.

At the Novotitarovskaya Food Combine, processing of raw material by the no-waste method will be carried out the year round. Juices and powders will be made from apples and table beets, and dyes and powders will be made from the residues of citrus and sugar beets.

The no-waste technology of producing powder with sugar content differs from the traditional technology by the significantly fewer number of operations. Shops where it is introduced are easily included in the production structure of an enterprise, and they do not require separate auxiliary facilities, warehouses for raw material, supply lines, and other elements of the production process. The

economic gain from obtaining 1 ton of sugar from powder amounts to 136 rubles. Calculations indicate that with such technology, 10 million tons of sugar beets yield 1.5 million tons of sugar and 800,000 tons of useful non-sugars, whereas only 600,000 to 700,000 tons of sugar can be obtained from them in the winter period.

In 1982-1983, the first shops for producing fruit powders will be built, using geothermal waters as a source of power. The combination of no-waste and energy-saving technologies will yield high economic gains.

Construction of a number of enterprises and complexes in Krasnodarskiy Kray has been carried out by the RSU's repair and construction administrations of the food industry administration, acting as general contractor. Assistance in assembly of equipment was provided by the "Sevkavtekhmontazh" and "Kuban'santekhmontazh" trusts, and part of the work of public services and amenities was carried out by rayon organizations of the Kraykolkhozstroyob'yedineniye Kray Kolkhoz Construction Association.

Introduction of no-waste technologies for fruit and vegetable processing is encountering quite a few difficulties. The problem of providing the equipment has not been resolved, the specifications for making the powders and the items which use them are being slowly coordinated and approved, and the inertia of traditional processing methods is having an effect.

In spite of this, the prospects for no-waste technology are quite good. The slogan "No-waste technology for every enterprise" has become a program of action for the workers of all sectors of industry and agriculture of Krasnodarskiy Kray.

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HOUSING AND PERSONAL SERVICES

HOUSING CONSTRUCTION IN 1980, HOUSING FUND AT END OF 1980 LISTED

Moscow VESTNIK STATISTIKI in Russian No 12, Dec 81 pp 51-73 (excerpt pp 64-65)

3. Housing Construction in 1980			
	Apartments Built by State and Cooperative Enterprises and Organizations and by the People		Apartments Built per 1,000 People of Real Growth in the Population, Units
	Number of Apartments, Thousands	Their Total Area, Thousands of Square Meters	
USSR.....	2,050	107,700	973
In particular for the cities:			
Alma-Ata*.....	7.7	379	930
Ashkhabad.....	2.0	124	422
Baku*.....	6.9	424	394
Vilnius.....	4.3	235	1,205
Gor'kiy.....	14.5	723	3,610
Dushanbe.....	2.8	164	391
Dnepropetrovsk.....	11.7	598	2,035
Donetsk.....	7.2	368	1,434
Yerevan.....	9.2	332	354
Kazan'.....	7.6	408	1,477
Kiev.....	27.0	1,312	1,652
Kishinev.....	6.1	282	1,036
Kuybyshev.....	11.8	567	2,746
Leningrad*.....	35.8	1,684	3,362
Minsk*.....	13.7	739	768
Moscow*.....	73.2	3,903	4,752
Novosibirsk.....	9.5	463	1,208
Odessa.....	7.8	385	4,108
Omsk.....	11.2	517	1,321
Pern'.....	7.9	382	1,445
Riga.....	6.1	324	3,995
Sverdlovsk.....	12.8	595	2,165
Tallinn.....	4.7	246	2,434
Tashkent.....	13.8	834	686
Tbilisi.....	8.3	524	987
Frunko.....	4.0	210	611
Ufa.....	8.0	390	1,033
Khar'kov.....	11.6	701	2,001
Cheljabinsk.....	8.3	419	1,125

*Including the urban population under the jurisdiction of the City Soviet.

4. Urban Housing Fund at the End of 1980

	Thousands of Square Meters of Total (Usable) Space in Housing Units		Thousands of Square Meters of Total (Usable) Space in Housing Units
USSR.....	2,200,844	Leningrad.....	66,823.5
In particular for		Minsk.....	17,691.1
the cities:		Moscow.....	134,481.5
Alma-Ata.....	11,782.3	Novosibirsk.....	17,521.5
Ashkhabad.....	3,362.4	Odessa.....	13,359.8
Baku.....	16,976.1	Omsk.....	13,352.9
Vilnius.....	6,756.3	Perm'.....	12,424.6
Gor'kiy.....	17,817.3	Riga.....	13,044.5
Dnepropetrovsk...	15,465.5	Sverdlovsk.....	16,582.2
Donetsk.....	15,079.9	Tallinn.....	7,172.4
Dushanbe.....	5,107.1	Tashkent.....	18,914.1
Yerevan.....	11,274.4	Tbilisi.....	14,531.5
Kazan.....	12,031.4	Ufa.....	12,130.2
Kiev.....	32,631.9	Frunze.....	5,774.9
Kishinev.....	6,772.6	Khar'kov.....	21,617.5
Kuybyshev.....	15,619.1	Chelyabinsk.....	14,014.4

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CONSUMPTION TRENDS AND POLICIES

PROFITABILITY IN TRADE REPORTED

Moscow EKONOMICHESKIYE NAUKI in Russian No 2, Feb 82 pp 81-84

[Article by A. Vyalkin, docent and candidate of economic sciences]

[Text] Increasing the efficiency of Soviet trade is an integral part of the general economic problem of intensifying the economic system of advanced socialist society. The importance of the problems confronting Soviet trade were reflected in the transactions of the 26th CPSU Congress. In particular, Comrade N. A. Tikhonov remarked in the address he delivered at the congress that "much has to be done to develop and improve the work of enterprises in trade, the food service industry and consumer services to the public, the entire service sector."*

Trade performs two interrelated and interdependent functions as a sector of the economy: the movement of use values to the consumer and alteration of the forms of value of commodities. These functions cannot be separated, since use value and the value of the commodity comprise a single entity. But it is evident that the quantitative relationships between these functions differ at different stages of the building of communism. At present, in connection with the direct orientation of the entire economy toward better satisfaction of the needs of the people, the function of trade related to the planned movement of the product from the sphere of production to the sphere of consumption is beginning to dominate more and more manifestly the function of alteration of the forms of value. This has given the authors of a number of books and articles the grounds for placing trade, with certain qualifications among the branches of material production creating value and a surplus product, and consequently also profit, as the form of that surplus product.

The opposite point of view comes down to the belief that trade is a nonproduction, service sector in which neither value nor surplus product are created.

If, of course, we cast out all the heterogeneous functions performed by trade, it cannot reimburse its net cost without obtaining a certain portion of the surplus product created in the production sphere. But the point is that these heterogeneous functions are organically inherent in trade: it performs

* "Materialy XXVI s"yezda KPSS" [Materials of the 26th CPSU Congress], Moscow, 1981, p 104.

additional operations in storage, shipment and preparation of goods for sale. The work of personnel employed in these operations does create new value and surplus product. On that basis it seems legitimate to speak of trade under socialism as a "semiproduction" sector, i.e., a sector that performs both non-production and also production operations. The question of the relationship between these operations is, of course, important.

If we turn to data on the cost structure of, say, retail trade, it turns out that less than 20 percent of all costs go for transport, preparation, packaging and storing of goods, which comprise the bulk of the supplemental distribution costs. The share of outlays to remunerate the labor of personnel, rent and maintenance of commercial space, depreciation of fixtures, the charge on credit, which determines the size of net distribution costs, is 65 percent.* If we take into account the distribution costs of retail trade make up 70 percent of all costs, it can be stated that the share of net costs is 45-50 percent.

The dynamic behavior of distribution cost structure shows that the share of the former group of trade expenditures has been decreasing, and that of the latter increasing. This reflects an intensification of trade's specialization as a sector of the economy as the manufacturers of goods (above all the industrial sector) have been assigned operations related to bringing the product to the state of readiness for direct sale to the consumer. Opportunities for creation of new value and correspondingly profit in trade have accordingly been shrinking. The effective operation of trade organizations depends in large part on the level of their profitability, on the amount of profit they earn.

The profit of trade organizations is defined as the difference between the trade discounts established by the state and distribution costs. The trade discounts are supposed to reimburse the socially necessary expenditures of trade organizations and to furnish profit. At the present time the level of discount varies greatly both in the sector as a whole and also from region to region of the country and from item to item in the assortment of goods sold. For example, the discount of retail enterprises is 1 kopeck when they sell a kilogram of potatoes, 9 kopecks for a kilogram of sugar, at least 14 kopecks for a liter of grape wine, and so on. Trade in potatoes and vegetables is conducted at loss, while trade in wine and strong alcoholic beverages is profitable. The same is true for many nonfood items. Sales, for instance, of radio equipment, sporting goods and knitwear are profitable, while fabrics, thread and dishware are sold at a loss.

For 1975 as a whole the level of profit from sale of goods was 2 percent of sales in state trade, 0.7 percent in wholesale trade and 1.8 percent in cooperative trade. Over the 4 years of the 10th Five-Year Plan merchandise sales increased 24-25 percent through all channels. But the level of profit did not change in the wholesale segment, but in retail trade it did increase somewhat after trade discounts were increased in 1979 and represented 2.5 percent in state trade and 2.1 percent in cooperative trade.

* "Narodnoye khozyaystvo SSSR v 1980 g." [USSR National Economy in 1981], Moscow, 1981, p 435.

At the present time the level of profitability of trade is far lower than that of other sectors of the economy. It is easy to see that this is true if one compares profitability by sectors in terms of either the volume of sales or the size of the work force.

Level of Profitability of Various Sectors of the Economy in 1979*

<u>Sector</u>	<u>Profit</u>	
	<u>Relative to Volume of Sales, %</u>	<u>Relative to Size of Work Force, rubles/employee/year</u>
Retail trade, including the food service industry	2.20	790
Food service industry alone	2.32	200
Wholesale trade	0.70	No data
Industry	11.80	1,950
Transportation and communications	--	1,600

* The table was compiled on the basis of "Narodnoye khozyaystvo SSSR v 1979 g." [USSR National Economy in 1979], pp 135, 387-388, 462, 535-540, and 548-549.

The figures in the table show that trade is receiving a considerably smaller share than other sectors in the total surplus product and net income; this does not afford it the possibility of carrying on the normal process of reproduction.

The level of profitability is low in the food service industry. It represents 2.32 percent of sales or 200 rubles per year per employee. The following trade and food service industry administrations in the North, in Siberia and the Far East are operating at a loss: Arkhangel'sk, Murmansk, Karelian, Tomsk, Yakutsk, Sakhalin, Magadan, etc. Approximately one-fifth of all trade enterprises are unprofitable.

At the level of profitability that has come about in trade, especially in the food service industry and trade organizations in remote regions of the country, there is practically no opportunity for the profit to be used as a sufficiently effective economic lever for material motivation, as a source for development of the material and technical base and for modernization of enterprises, for formation of economic incentive funds, and so on. Operating at a loss puts trade organizations in a difficult financial situation, since problems arise in reimbursing the losses, in replenishing working capital, and so on. This situation is not normal. As a participant in the process of reproduction trade should receive its share of society's surplus product. This share should be close to that rate which is the average for the national economy as a whole.

Solving this problem necessitates raising the level of trade discounts, which will help to strengthen cost-accounting (khozraschet) relations in trade and will strengthen the effect of cost-accounting incentives. At the same time

much depends on the operation of trade organizations themselves. Experience shows that even at the present level of discounts large trade enterprises are achieving a high level of profitability. For instance, in Moscow profitability in 1979 was 4.88-5.4 percent of sales in the GUM and TsUM trade associations, in the "Moskva" and "Pervomayskiy" department stores, and in the firms "Vesna" and "Detskiy Mir"; in the "Leningrad" and "Novoarbatskiy" fine food stores it was 4.3-4.6 percent. In these trade associations and enterprises the level of profitability is 1.5-2-fold higher than the average for the sector, and it affords the possibility of building up sizable funds for development of the material and technical base and for stimulating the work of personnel.

As we know, profitability in trade is influenced by the levels of gross income, distribution costs, the income from nontrade activity, and the size of unplanned income and losses. The effect of these factors depends in large part on the economic motivation of enterprises and their personnel, above all to reduce distribution costs. The internal potential for economies includes reduction of administrative and managerial expenses, the costs of maintaining clerks (by converting sections to self-service), optimum use of sales and storage space, mechanization of accounting operations and unloading, and use of containers for shipment of goods. All of this makes it possible to increase the efficiency of labor of personnel in the trade sector, to reduce expenditures to remunerate them and to reduce losses of goods in storage, expenditures for containers, the payment of rent, and the maintenance of space.

The present system for distribution of trade profit is not conducive to development of cost accounting in trade. At the present time only economic incentive funds and the reserve fund are formed at fixed rates, which is also the case of the discounting of goods. Moreover, only a small portion of profit goes into these funds, while distribution of the remainder is not subject to straightforward rates: It goes to replenish "own" working capital, to finance capital investments and to meet the other needs of trade organizations in accordance with their own individual plan. The undistributed remainder, which goes into the state budget, comprises half of all the profit of trade organizations.

It is indispensable to establish a closer relationship between the proceeds of the state budget resulting from trade profit and the fixed and working capital employed by trade organizations by introducing a definite and firm charge on capital, which would be paid from profit. The absence of the charge on capital has the result that cases are not uncommon when in enterprises which are not adequately equipped a large amount of equipment (refrigerators, refrigerated display cases for self-service stores, icemakers and refrigerated detached coolers, counter refrigerators with compressors, and so on) is not installed and lies in warehouses. Nor is the present system of remuneration of personnel in the most widespread occupations conducive to efficient use of commercial equipment, since a 10-percent supplement to wages is an incentive for performance of operations by hand. This procedure is one of the reasons why the rate of return on fixed productive capital in the sector is dropping, while expenditures for rent and maintenance of space are rising.

Efficient use of working capital in trade is encouraged by the system of the charge for bank credit. But this is naturally limited only to borrowed funds. The "own" working capital of trade organizations remains outside the influence of economic incentives. The absence of a charge on "own" working capital, combined with the large share of bank credit in paying for inventories does not stimulate reduction of inventories and does not act as a barrier into the trade network for unmarketable goods which are not in demand.

In order to strengthen cost-accounting relations in trade and to develop the initiative of organizations in this sector, profit should be used to create a fund for science and commercial equipment, the development fund should be expanded and targeted toward reequipping and modernizing trade enterprises. Constructive solution of this problem would make it possible to simplify the system for creating sources of financing for capital investments in trade. There are at present a multitude of such sources: various deductions from profit and resources of the state budget. Moreover, money is transferred from the accounts of trade organizations into the budget, and then again comes to trade organizations from the budget; this means that quite a bit of work of bookkeepers and financial experts is spent on calculations and filling out documents and the like.

In our view the computation of the profitability indicator in trade is in need of convincing scientific substantiation. The present indicator, which is defined as the ratio of profit obtained to sales, essentially expresses the share of trade profit in the price of the commodity. The use of fixed productive capital and especially working capital invested in inventories is for all practical purposes not reflected in the present indicator of profitability, even though this capital is very sizable and now amounts to more than 63 billion rubles. Inventories represent two-thirds of the assets of commercial organizations and more than 15 percent of all the working capital of the national economy as a whole.

It is indispensable that the methodology which K. Marx applied to calculating the rate of profit under capitalism be made the basis of scientific determination of the profitability indicator in trade. It is calculated as the ratio of the surplus value, minus the net distribution cost (including expenditures for rent or purchase of a store, an office, and for the hired labor of workers and employees), to all the capital advanced.*

It seems necessary to determine the ratio of the total amount of profit to all the resources at the disposition of enterprises, including assets borrowed and rented. This model for determining profitability not only reflects the efficiency with which all assets are employed, but it also makes it possible to compare the results of economic activity of different trade organizations.

* K. Marx and F. Engels, "Soch." [Works], second edition, Vol 25, Part II, pp 319-320.

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PERSONAL INCOME AND SAVINGS

CASH, PERSONAL INCOME PLANNING RELATED TO MONEY CIRCULATION

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[Article by I. D. Slavnyy: "Certain Issues in the Circulation of Money"]

[Text] The decisions of the 26th CPSU Congress envisaged a rise in the growth rates of industry and agriculture, especially the branches of industry in Group B. This is the material basis for a further substantial improvement in the life of the people and a rise in the level of personal consumption.

Fulfillment of that program presupposes performance in all sectors of the economy and at all enterprises realistic measures aimed at improving the organization of production, the development of cost accounting (khozraschet) and worker material incentives as a principal condition for increasing production efficiency and for making better use of labor, physical and financial resources. The entire mechanism for planned management of the economy must be made more effective.

Strengthening and developing the socialist economy necessitates a rise in the level of productivity of social labor and a higher return on fixed and working capital, which is impossible unless commodity-money relationships are improved. The distribution and movement of goods and money is determined by the state of production, yet is not a passive reflection of production, but does in turn improve its conformity to plan and acts as an important instrument for exerting pressure on the entire process of production and resource use. In all spheres of the economy the movement of commodities and money, assuming proper organization of commodity-money circulation, has a large influence toward improved application of material and financial resources. Commodity-money relations contain a very high potential for guaranteeing proper relations between the physical resources of production and the linkage between physical and financial plans, thereby ensuring proportionality in the national economy.

The financial and credit mechanism can and should play a large role in carrying out the formidable tasks in development of the Soviet economy in coming years. The need for better use of money levers also applies fully to a system of money relations like the planned organization of the country's money circulation, which is aimed at strengthening the ruble's purchasing power and its role as an incentive and at ensuring the stability of the circulation of money.

Bringing the circulation of money into closer conformity with the plan and further improvement of the entire money system are an important condition for giving production workers more motivation to fulfill and overfulfill the plan for output and to improve product quality and raise the productivity of social labor.

Decree No 695, which the CPSU Central Committee and USSR Council of Ministers issued on 12 July 1979, set the task of strengthening and improving the balance of the national economy and at increasing its reserves. This requirement also applies fully to achieving balance in the circulation of money.

The shifts that have been taking place in personal income under the influence of measures to improve remuneration and the large changes in the pattern of the public's demand for goods and paid services in a situation where the growth of agricultural production is still lagging behind the growth of the public's effective demand are making it more complicated to guarantee proportionality in the circulation of money. For that reason all matters related to improving the system of planning the circulation of money, to making that plan more effective, and to strengthening its impact on formation of the principal proportions in the balance of the national economy are taking on a particular urgency.

The 5-year plan has become the principal format in national economic planning. From now on the targets set for a particular year of the 5-year plan are only to be revised in the annual plan, and that a revision to improve and increase its principal economic indicators.

In that set of conditions it becomes very important to improve the balance of personal money income and expenditures and to guarantee its better linkage and interaction with distribution of the national income and with formation of the principal proportions in production and the financial balance.

To be specific, there are a number of problems in planning the balance of personal money income and expenditures which came to a head long ago. We should first of all take note of the problem of setting up a viable regional planning of the wage fund--the principal source of personal money income. Only on that basis can comparison of republic and oblast balances of personal money income and expenditure that corresponds to real conditions be authentically guaranteed. It has also become indispensable to determine in planned balances of personal money income and expenditure the commodity resources to cover the volume of retail sales in every republic and oblast. The absence of such indicators from the balance of personal money income and expenditures, which is the principal plan of money circulation, is not helping planning and financial and banking authorities to advance their effort to make the circulation of money more strongly balanced.

Raising the level of planning of the balance of personal money income and expenditures presupposes that the finance-credit system in the republics and oblasts turns toward that plan in a serious way. A stop needs to be put quite soon to the present practice in which this balance is composed in many republics and oblasts without the active participation of financial and banking

authorities. The requirement of Decree No 695 of the CPSU Central Committee and USSR Council of Ministers, dated 12 July 1979, to the effect that the USSR Ministry of Finance and USSR Gosbank submit to USSR Gosplan their recommendations and calculations pertaining to the balance of personal money income and expenditures needs to be met not only at the center, but in every union republic and oblast.

There is also an objective need to enhance the role of cash planning in planning the circulation of money and its use in solving the problems of balancing the national economy and the circulation of money as they arise during fulfillment of annual plans for economic development.

The transition to 5-year economic development planning does not eliminate the need for operational levers to manage and regulate the circulation of cash; on the contrary, there is a greater need for them because of the greater complexity of balancing the growing effective demand of the population with commodity resources.

That is the reason for retaining and enhancing the role of the quarterly cash plan in planning the circulation of money, since it is a unique format for operational management of the circulation of money because of its coverage of the processes of the circulation of cash.

In view of the task to strengthen the proportionality of the economy, use of the cash plan to plan the circulation of ready cash can and should under present conditions solve the problems of balancing personal money income and expenditures in many respects. It is objectively a task to make the current planning of the circulation of money more effective and efficient in order to accomplish the rise in personal consumption envisaged by the 5-year plan in connection with ensuring that the circulation of commodities corresponds to the effective demand of the population.

Cash planning under present conditions should be oriented toward problems concerning action to guarantee that the wage fund corresponds to the real growth of labor inputs in the production of products and to the rise in the level of commodity turnover.

Problems concerning the volume of sales of commodities and paid services need to be solved not only with respect to achieving the correct result of the cash plan, but above all in the aspect of satisfying the public's growing demand for goods. To that end the planning of cash turnover by the banks should also promote a growth of purchases of farm products from individuals by consumer cooperatives, a reduction of nonmarket consumption of goods destined for the public, and solving the problems of enhancing incentives for building up savings, which have no small importance to shaping the pattern of the public's demand.

Under present conditions, as has been pointed out, planning the balance of personal money income and expenditures and use of the cash plan to plan the circulation of ready cash should provide a solution that is in many ways new to the problem of ensuring proportionality in the circulation of money.

From this standpoint central emphasis should be put on the problem of strengthening conformity to plan in the formation and use of the principal source of personal money income, which is the wage fund.

Work recently done in economics has revealed a number of causes for formation of the discrepancy between fulfillment of the production plan and fulfillment of the plan for the wage fund. The results obtained showed that this discrepancy often occurred in connection with violations committed in planning the wage fund, the size of the work force, and labor productivity, as well as in planning the volume of output.

For instance, in enterprise plans the wage fund and the size of the work force are boosted up relative to the assignment set by the relevant ministries and departments. Still larger discrepancies have been occurring between the rise of labor productivity as shown in enterprise plans and the assignments set by ministries and departments.

Incomplete devolution to enterprises of assignments for the volume of production set by ministries and departments is having an exceedingly adverse effect.

Taking into account these adverse factors and discrepancies in use of the wage fund, a new procedure has now been set up whereby Gosbank institutions receive the plan figures for the wage fund assigned to associations and enterprises, limits are set on the number of workers and employees, opportunities are greatly reduced for increasing wage funds to carry out capital construction projects not covered by the plan, etc. This has opened up real possibilities of overcoming these violations.

The procedure now in effect, whereby ministries report to Gosbank the size of the wage fund assigned to associations and enterprises, and in which institutions of the bank issue money for wages on the basis of the assignments for the volume of production which ministries have set for associations and enterprises, opens up large opportunities for Gosbank to exert pressure so that the production plan is not unjustifiably reduced and the wage fund unjustifiably hiked up in the economy, a practice which results in the discrepancy between the growth of production and the wage fund. Gosbank institutions should take full and complete advantage of these opportunities for the bank to exert pressure toward stronger discipline in planning labor and production.

Planning agencies and the finance and banking system, and Gosbank institutions above all, should intensify their monitoring of the economy and fully enforce decisions taken to strengthen discipline in the planning of labor and to prevent the hiking up of the wage fund and the size of the work force above the plan and the setting of assignments for the rise of labor productivity and output too low. Attention should be paid to quarterly distribution of assignments for output and the wage fund established for enterprises and associations since it is not uncommon for production plans to be set far too low for the first quarters of the year, so that a sizable discrepancy immediately occurs between the production plan and the plan for the wage fund, discrepancies which are difficult to overcome in subsequent quarters.

But performance of these measures does not solve all the problems arising in connection with unjustified discrepancy between fulfillment of the production plan and fulfillment of the plan for the wage fund in many branches of production. If unjustified growth of the wage fund out of line with the growth of the volume of production is to be corrected, a number of other deviations resulting in unjustified expenditure of the wage fund will have to be overcome. Experience has shown that these problems can and should be solved to a considerable extent by improving the system of the planned circulation of money.

Touching on the problems of improving the methods of managing the economy at the 26th CPSU Congress, L. I. Brezhnev pointed out that the practice of downward adjustment of plans has taken on broad proportions and that this practice is disorganizing the economy. "Perhaps," he said, "there are even cases when adjustment of plans is indispensable. But these must be precisely that: cases, exceptional circumstances."

The circulation of money is being affected in two respects by the practice of adjusting plans: Resources for the circulation of commodities on the market are reduced, and the preconditions are created for economically unsound use of the wage fund and formation of incentive funds. An analysis of report data has shown that the wage fund is often exceeded out of line with the needs of production in the branches of the industrial sector because when individual industrial ministries amend the production plan, especially downward, or when the ministries themselves make changes in the production plan of subordinate associations and enterprises, the wage fund is hardly adjusted at all. Consequently, a situation comes about in which the wage fund assigned for a certain volume of production is retained without sufficient basis even when the volume of production has been considerably or substantially reduced.

The financial and credit system must not pass over these economic violations. On the contrary, these violations need to be discovered and exposed. Punctual adjustment of the ministry's wage fund in accordance with a change in the volume of production should, of course, be the concern of USSR Gosplan first of all. But USSR Gosbank, which actually carries out the plan for the circulation of money, cannot stand aloof when such cases occur. A new approach is indispensable here. The problems of revising wage funds must not be evaded and they must be taken up by USSR Gosplan when it receives warnings and recommendations from USSR Gosbank, since in monitoring expenditure of the wage fund the bank possesses a great deal of data indispensable to correct solution of these problems.

But there is a particular need to enhance the activity of Gosbank at the local level. The available material shows that very often substantial changes are made in the production plan (annual and quarterly) assigned to the association or enterprise, but at the same time assignments for the wage fund and labor productivity are not corrected or are revised in altogether inadequate proportion. Procedure should be so designed in Gosbank offices and branches so that in these cases the relevant questions are put to ministries and departments, so that not a single case of substantial disruption of correspondence between the volume of production and the wage fund is evaded, and so that the relevant corrections are ultimately made in the plans of associations or enterprises.

There is also another direction that needs to be pursued in the practice of planning the release of money to pay wages in the cash plans of USSR Gosbank.

Up until now when Gosbank institutions were composing the indicators of the cash plan, they not uncommonly accepted a rise of the wage fund above the level envisaged by the plan though the increase did not reflect the course of production. There had been cases when the planned wage fund was increased in some particular office even when the volume of production had actually been smaller than envisaged by the plan.

In essence, when the release of money for wages is planned in this way, planning authorities and Gosbank institutions are to some degree resigning themselves to disruption of the relationship between the volume of production and the wage fund, which detracts from the economy's responsibility for ensuring proper use of funds for remuneration of labor.

But the main point is something else: This kind of practice ignores the need to link the cash plan with the output indicator and with the balance of personal money income and expenditures, thereby creating a discrepancy between them. This does not motivate planning authorities of the union republics and oblasts to achieve correct composition of personal money income, does not orient them toward improved planning of the principal item in personal income, which is the wage fund, nor to ensure proportionality in the circulation of money.

The question of increasing the planned wage fund for a particular republic, it would seem, can be raised only after prior consent is obtained from USSR Gosplan, which possesses all the data and material for deciding the question of whether a revision is needed in the size of the wage fund during fulfillment of the plan in the sectors of the economy and correspondingly in the republics. The drafts of cash plans, when there is no basis for increasing the wage fund because of overfulfillment of production plans, should as a rule envisage that wage fund which is stated in the plans for economic and social development (adjusted for supplemental decisions).

Stricter management of wages through the cash flow plan enhances the responsibility of planning authorities for correct determination of the wage fund and the responsibility of the economy for its use.

Finally, the strenuousness of cash flow plans is to some extent strengthened when this approach is taken. Under these conditions Gosbank must possess certain reserves for issuing money for wages, specifically because at the present time the wage fund is not planned in a geographic breakdown, and calculations of withdrawals of money for wages for the particular republics may be inaccurate. Therefore it seems advisable to improve Gosbank's maneuverability to envisage in cash flow plans for withdrawal of money for wages to envisage certain reserves that would be at the disposition of the Gosbank Board and which would be used when necessary by the Gosbank Board to extend aid to certain republic offices.

To conclude, in the present stage the question of enhancing the role of the financial and banking system in composing the plan for the wage fund has taken on great urgency.

The discrepancy between fulfillment of the plan for output and fulfillment of the plan for remuneration of labor is also caused to some degree by shortcomings in determining a number of indicators of the plan for labor. For instance, experience in recent years shows that the average wage in a number of branches of physical production is not always planned so as to take into account all the factors that have an effect on its growth. Even though the plan of these branches does envisage an increase in the size of the growth of output achieved by raising labor productivity, it does not project a certain increase in the size of the ordinary growth of the average wage which would be required under those circumstances. Thus certain prerequisites for the possibility of an above-plan growth of the wage fund are embodied in the plan itself. Under those conditions various types of reassessment of the plan for wages of particular ministries occur in which not uncommonly the corrections made exceed the need to increase wage funds that is absolutely necessary.

In conformity with the decree of the CPSU Central Committee and USSR Council of Ministers dated 12 July 1979, the financial and credit system is called upon to increase its role in ensuring balance between personal money income and expenditures, to exert more vigorous pressure toward assurance of correct formation of the proportions in the circulation of money. Relying on its large ramified network of institutions which are closely monitoring use of the wage fund on an everyday basis, USSR Gosbank has the evidence sufficient to raise questions concerning the need to ensure economically sound formation of the indicators of the wage fund.

It would seem that in the situation when the problem of ensuring greater correspondence between the volume of production and the growth of the wage fund have become acute, the financial and banking system at the local level, especially in the union republics, should augment its role in planning wage funds. When this question is taken up in USSR Gosplan, Gosbank must rely on both the arguments and computations of its republic offices and on the sound computations of the union republics. Essentially what is required is for the financial and banking system to organize an authentic effort in planning the principal proportions in the balance of personal money income and expenditures.

At the present time, when cash flow plans are being composed, questions are often raised in various union republics concerning the insufficiency of the wage fund envisaged for the particular quarter, sometimes even the first quarter. Yet correct determination of the size of the planned wage fund ought not to be done in connection with managing the circulation of money through the cash flow plan, but in composing the balance of personal money income and expenditures for the relevant year. That is why all those arguments advanced by republic planning and financial and banking authorities concerning the wage fund should be presented in the process of composing plans of economic and social development for the particular year.

What we have said confirms that aside from setting up a full-fledged system for regional planning of the wage fund, every effort is also needed to invigorate the work of republic financial and banking authorities concerning the balance of personal money income and expenditures and especially concerning the planning of wage funds.

It needs to be set forth as a task that when balances of personal money income and expenditures are under consideration in the Union as a whole and in the union republics USSR Gosbank should participate in the work of the respective divisions of USSR Gosplan and the gosplans of the union republics. The turning of financial authorities and Gosbank institutions toward authentic participation in composing the balance of personal money income and expenditures will promote better linkage of the Gosbank cash flow plan with the balance of personal money income and expenditures and more correct reflection in the plan of processes taking shape in the use of labor resources and in the remuneration of labor.

A new approach to the questions of planning sales of commodities and paid services must also be introduced in the financial and credit system.

Decree No 695 stated that only upward revisions of indicators envisaged for the relevant year within the 5-year plan can be made in the annual plan. At the same time it increased the responsibility of Gosplan and ministries and departments for the internal consistency of plans so as to take into account creation of material and financial resources in the necessary proportions, in particular the creation of reserves to guarantee stability in the circulation of money.

These and a number of other provisions create in advance the possibility and need for raising the general level of planning of the circulation of commodities and money, in particular retail sales and the commodity resources of retail trade, to prevent substantial deviations of the actual volume of retail merchandise sales and the commodity resources of retail trade from the plan, discrepancies which have been occurring.

Given the need to bring the circulation of money into greater conformity with the plan, to strengthen the balance in that circulation and to expand its reserves, it has become legitimate to raise the question of the advisability of abandoning the practice of including in economic development plans additional assignments for retail merchandise sales, i.e., the practice of planning merchandise sales in two forms: planned commodity turnover and the supplemental assignment. Retention of the supplemental assignment at a time when greater exactingness is being imposed concerning the plan's internal consistency becomes pointless and to some extent contradicts the idea of 5-year economic planning.

Moreover, experience has been showing that trade organizations are not really motivated to fulfill the supplemental assignment and do not make the strenuous effort they should to fulfill it.

If the decree we have mentioned is to be followed precisely, then the supplemental assignment for merchandise sales should in future come about only during fulfillment of the annual plan and, as a rule, because of overfulfillment of the production plan and above-plan growth of personal income.

However, taking into account the strenuousness of the plan for a number of commodities, it is possible that in the years immediately to come it will not be possible to altogether give up the supplemental assignments for retail merchandise sales.

That is why the question, which came to a head long ago, concerning the need to improve the planning of the supplemental assignment for merchandise sales, to prevent operational plans for particular rayons from setting its level lower than the annual plan, has taken on still greater importance at the present time.

It needs to be stated that the pressure exerted by the financial and banking system toward better solution of this problem has so far been manifestly inadequate, though dealing with it correctly has great importance to ensuring the conformity of the circulation of money to the plan.

In order to augment the role of Gosbank in establishing the real size of the supplemental assignment for retail merchandise sales, all republic and oblast offices of Gosbank have to take an active part in drafting the planned balances of personal money income and expenditures and have to pay particular attention to determining the size of the supplemental assignment for retail merchandise sales in the drafts of 5-year and annual plans of the union republics.

Relying on these data, i.e., on the sound recommendations of the offices concerning merchandise sales, the Gosbank Board could have greater confidence and could be more convincing in raising the question of proper determination of the size of the supplemental assignment for retail merchandise sales for the Union as a whole toward gradually reducing its share in the total volume of merchandise sales.

An important factor in this effort is correct formation of the relationship between the basic merchandise sales plan and the supplement assignment for each republic and oblast. Up to now there have been excessive and not always justified fluctuations in practice: in some republics the share of the supplemental assignment in the total volume of merchandise sales has been 1-2 percent, while in others it goes as high as 4-5 percent or more.

When the annual plan is being compiled, consideration should be given to how merchandise sales and their merchandise coverage is shaped by individual union republics and eliminates an excessive discrepancy between them, specifically by making the necessary revisions in the distribution of commodity resources.

At the same time, the effort of the offices needs to be directed shaping quarterly cash flow plans so that the size of the supplemental assignment for merchandise sales as a rule corresponds to the indicators adopted in the planned balances of personal money income and expenditures.

But the principal question in planning merchandise sales in cash flow plans should under present conditions be a change of orientation toward making recommendations on increasing the volume of merchandise sales above the amounts envisaged in the annual plan and in the planned balance of personal money income and expenditures. The results for 1980 and the first half of 1981 show that during the course of fulfillment of the plan it is possible to seek out supplemental commodity resources and on that basis to satisfy more fully the effective demand of the public for goods and not merely to fulfill, but even overfulfill the supplemental assignment established for retail merchandise sales.

Taking into account the new 5-year plan's orientation toward increasing the scale of the production and sale of goods for the public, toward maximum satisfaction of the public's growing needs, a reassessment should be made of the present approach to planning retail merchandise sales in many republics and oblasts. As is well known, in the drafting of cash flow plans Gosbank offices have at best been limited as a rule to accepting the retail merchandise sales envisaged by the plan, taking into account the supplemental assignment, and sometimes they support recommendations for reducing the size of the supplemental assignment for retail merchandise sales.

Approaches to planning personal expenditures for paid services should be reassessed along the same line. It is necessary to achieve not only fuller activation of unused potential for expanding the sphere of paid services to guarantee fulfillment of the plan assigned, but also to display initiative in raising the question of the possibility and need of increasing the plan for paid services above the scale established in the calculation of the planned balance of personal income and expenditures. It has long ago been established in economic terms that the sphere of paid services should exceed the growth of merchandise sales. But in recent years this has not been achieved. However, for many types of paid services--local transport, visual entertainment and consumer service enterprises, and tourism--there is a large unutilized potential for increasing the volume of services rendered to the public.

In the light of the problems concerning direction of the effort concerning the circulation of money in the present stage of development of the Soviet economy one cannot fail to touch upon the problems of improving methods of planning and recording the circulation of ready cash.

Experience in bank planning of ready cash circulation shows that the time has come when it is necessary to revise the present system for planning a number of items in the cash flow plan and possibly the entire scheme of that plan. This is necessary because fulfillment of the principal indicators (items) of the cash flow plan often does not precisely reflect the actual situation with fulfillment of the corresponding assignments for development of the economy.

For instance, fulfillment of the plan for the inflow of merchandise proceeds not uncommonly differs from fulfillment of the plan for retail merchandise sales.

Fulfillment of the plan for withdrawal of money for wages very often cannot serve as a realistic indicator of fulfillment of the plan for the wage fund.

Gosbank's cash transactions in savings banks and PTT [postal, telegraph and telephone] institutions in many cases differ appreciably from fulfillment of the plan for deposits, payment of pensions and benefits and other economic processes reflected in cash transactions for these items of the cash flow plan.

Perhaps certain items of the cash flow plan should be cleared up, ridding them of secondary and not important indicators supplementarily included in them, and to expand somewhat the number of items in the Gosbank cash flow plan.

Particular attention should be paid to improving the planning of trade proceeds. The planning and recording of a number of supplemental processes reflected in trade proceeds--for example, the sale of goods and credits, sales in barter accounts, expenditures for farm product purchases, to pay wages, etc.--should be set up so as to eliminate abnormal cross transactions, in which, judging by the inflow of trade proceeds, the volume of retail merchandise sales is fulfilled and overfulfilled, yet actually the reverse is taking place--nonfulfillment of the plan for merchandise sales, or in which the plan for the inflow of trade proceeds is not fulfilled, yet the plan of merchandise sales is actually fulfilled and overfulfilled.

There has long been a need to detail the substantially augmented cash transactions of Gosbank conducted through PTT institutions. In particular, the payment of pensions should be given separately, which would make available figures showing how the plan is being fulfilled for this very large item in personal money income. There is a need in the transactions of savings banks to distinguish the rapidly growing turnover of checks, which is a way of attracting the available money assets of individuals.

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